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The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

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CHAPTER 1 - TRADING PARAMETERS

Authority
Trading of Polyvinyl Chloride futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations and directions of the Exchange issued from time to time. A specimen of Polyvinyl Chloride futures contract specification is indicated in Exhibit 1.

Unit of Trading
The unit of trading shall be 5 Metric Tonnes (5000 Kgs). Bids and offers may be accepted in lots of 5 Metric Tonnes (MT) or multiples thereof.

Months Traded In
Trading in Polyvinyl Chloride futures may be conducted in the months as specified by the Exchange from time to time.

Tick Size
The tick size of the price of Polyvinyl Chloride shall be Rs 50/MT.

Basis Price
The basis price of Polyvinyl Chloride shall be ex-Bhiwandi exclusive of Excise, Cess, Sales Tax/VAT & any other levy or tax but inclusive of basic customs duty and Special Additional Duty wherever applicable.

Unit for Price Quotation
The unit of price quotation for Polyvinyl Chloride shall be in Rupees per MT.

Hours of Trading
The hours of trading for futures in Polyvinyl Chloride shall be as follows:
As per the directions of Forward Markets Commission from time to time and currently:

- Mondays through Fridays – 10:00 a.m. to 11:30 p.m.
- Saturdays – 10:00 a.m. to 2:00 p.m.

Exchange may vary the above timings with due notice. On the expiry date contracts expiring on that date will not be available for trading after 05:00 p.m. All timings are as per Indian Standard Timings (IST).

Last Day of Trading
Last day of trading shall be 20th day of delivery month, if 20th happens to be a holiday, a Saturday or a Sunday, then the due date shall be the immediately preceding trading day of the Exchange which is other than a Saturday.

Mark to Market
The outstanding positions in futures contract in Polyvinyl Chloride would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

Position Limits
Member-wise position limit: 20,000 Metric Tons for all contracts or not more than 20% of market open position whichever is higher.
Client-wise position limit: 5,000 Metric Tons for all contracts.
Both position limits will be subject to NCDEX Regulations and directions from time to time. The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer to Circular No. NCDEX/TRADING-100/2005/219 dated October 20, 2005.

**Margin Requirements**

NCDEX will use Value at Risk (VaR) based margin calculated at 99.95% confidence interval for one day time horizon. NCDEX reserves the right to change, reduce or levy any additional margins including any mark up margins as per its regulations.

**Special Margin**

In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed in respect of outstanding positions, under immediate intimation to the Commission which will remain in force as long as the volatility exists, after which the special margin may be relaxed.

**Pre-Expiry Additional Margin**

There will be an additional margin imposed for the last 5 trading days, including the expiry date of the Polyvinyl Chloride (PVC) contract. The additional margin will be added to the normal exposure margin and will be increased by the 1% everyday for the last 5 trading days including expiry date of the contract.

**Delivery Margins**

Delivery margins as may be determined by the Exchange from time to time will be charged. The delivery margins will be calculated based on the number of days required for completing the physical delivery settlement (the look-ahead period and the risks arising thereof).

**Penalty**

The penalty structure for failure to meet delivery obligations by the sellers is as follows:

Total amount of penalty = 3.0% + the difference between the Final Settlement Price (FSP) and the average of three highest of the last spot prices of 5 (five) succeeding days after the expiry of contract (E+1 to E+5 days), if the average spot price so determined is higher than FSP; else this component will be zero.

The 3.0% penalty collected as mentioned above shall be used as follows:

a) 1.75% component of the penalty shall be deposited in the Investor Protection Fund of the Exchange;
b) 1% component of the penalty shall go to the Buyer who was entitled to receive delivery; and
c) Balance 0.25% component of penalty shall be retained by the Exchange towards administrative expenses.

Further, the difference between the FSP and the average spot price (as given above) shall also go to the buyers. Please refer circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008

**Arbitration**

Disputes between the members of the Exchange inter-se and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through arbitration. The arbitration proceedings and appointment of arbitrators shall be as governed by the Bye-laws and Regulations of the Exchange.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
CHAPTER 2 - DELIVERY PROCEDURES

Unit of Delivery

The unit of delivery for Polyvinyl Chloride shall be 5 Metric Tonnes Net Weight.

Delivery Size

Delivery is to be offered and accepted in lots of 5 Metric Tonnes or multiples thereof. A quantity variation of +/- 2% by weight or 5 Metric Tonnes whichever is lower, with applicable rates is permitted as per contract specification.

Delivery Requests

The procedure for Polyvinyl Chloride delivery is based on the contract specifications as per Exhibit I. All the open positions shall have to be compulsorily delivered either by giving delivery or taking delivery as the case may be. That is, "upon expiry of the contracts, any seller with open position shall give delivery of the commodity. The corresponding buyer with open position as matched by the process put in place by the Exchange shall be bound to settle by taking physical delivery. In the event of default by seller to give delivery, such defaulting seller will be liable to penalty as may be prescribed by the Exchange from time to time". The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.

The delivery request for PVC contracts will be on staggered basis where tender period would start on the 5th of every month in which the contract is due to expire, excluding Saturdays. In case 5th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day. During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery from the delivery centre where the seller has delivered same.

The Buyers and the Sellers need to give their location preference through the front end of the trading terminal. If the Sellers fail to give the location preference then the allocation to the extent of his open position will be allocated to the base location.

Delivery Allocation

The Exchange would then compile delivery requests received from members during the Tender period as specified in Exhibit 1. The buyers / sellers who have to receive / give delivery would be notified on the same day after the close of trading hours. Delivery of PVC is to be accepted by buyers at the accredited warehouse where the seller effects delivery in accordance with the contract specifications. On expiry all outstanding position would be settled by giving / taking physical delivery.

Actual Delivery

Where Polyvinyl Chloride is sold for delivery in a specified month, the seller must have requisite electronic credit of such Polyvinyl Chloride holding in his Clearing Member’s Pool Account before the scheduled time of pay in. The seller has to give instructions to his Depository Participant (DP) to transfer the credit from the depository account to the Clearing Member’s Pool Account before the pay-in time.

On settlement, the buyer’s Clearing Member’s Pool Account would be credited with the said delivery quantity by way of pay out. The Clearing Member is expected to transfer the same to the buyer’s depository account.
The buyer would be informed of the corresponding seller and the warehouse after the pay-in/pay-out. To take actual physical delivery, the buyer would have to follow the rematerialization procedure.

The buyer must take actual physical delivery of Polyvinyl Chloride before the expiry of the validity date as indicated in the quality test report/Assayer’s certificate.

**Accredited Warehouse**

NCDEX has accredited warehouses for receipt & delivery of Polyvinyl Chloride. Polyvinyl Chloride will be received and delivered only from the NCDEX accredited warehouse. The details of the NCDEX accredited warehouses are as per Exhibit 2.

**In case any buyer/ seller wishes to receive/ give delivery from the accredited warehouse, the buyer/ seller will have to be registered with Central Excise authorities for the purpose of availing CENVAT credit.** Please be guided by our circular no.: NCDEX/TRADING-035/2005/081 dated April 07, 2005 in this regard.

**Quality Standards**

The Contract grade for delivery of Polyvinyl Chloride futures contract made under NCDEX regulations shall be Polyvinyl Chloride conforming to the quality specification indicated in Exhibit 3. No quality deviation in form of non prime grade or sub standard grade allowed in satisfaction of contracts for delivery except as provided in the contract specifications. Polyvinyl Chloride grades/brands of established petrochemical producers from India as well as international producers as mentioned in Exhibit 3 are the approved grades/brands to be accepted & delivered from the warehouse. The approved list of the grades / brands is subject to change and will be notified by the Exchange from time to time.

**Packaging**

The Polyvinyl Chloride to be accepted at the NCDEX accredited warehouse/s will be Exchange approved domestic as well as imported grades in 25 KG bags packed at the manufacturer’s plant with printed details of the manufacturer, grade name, Lot no./Batch no.& other details printed on the bag by the Polymer manufacturer. The packaging must be done in Poly Propylene (PP) woven bags or paper bags having inner lining of Poly Ethylene (PE)/ PP. No repacked, restitched or plain bags will be allowed.

**Weight**

The quantity of Polyvinyl Chloridereceived and / or delivered at the NCDEX accredited warehouse would be determined / calculated by the weighbridge / weights scale at the premises of the warehouse or at the weighbridge / weighscale in the vicinity of such warehouse and the quantity so determined would be binding on all parties. Certification to this effect would be provided as per Exhibit 5.

**Standard Allowance**

Standard allowance at the time of deposit will be 0.04%.

**Good / Bad delivery norms**

Polyvinyl Chloride delivery into NCDEX accredited warehouse would constitute either good delivery or bad delivery based on the good / bad delivery norms as per Exhibit 4. The list contained in Exhibit 4 is only illustrative and not exhaustive. NCDEX would from time to time review and update the good & bad delivery norms retaining the trade / industry practices.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Empanelled Assayer

The Exchange has empanelled Assayers for quality testing and certification of Polyvinyl Chloride received at the accredited warehouse. The sampling, quality testing and certification of Polyvinyl Chloride will be undertaken only by such empanelled assayer and the findings of the empanelled assayer shall be final and binding.

Physical Delivery Procedure

Precaution to be taken & documentation at the seller’s premises

Approved Brands / grades

The seller should ensure that the brands / grades approved by the Exchange for delivery are only deposited at the NCDEX accredited warehouse. Brands / grades not listed in the approved brands list shall be rejected for bad delivery.

Manufacturer’s Test certificate

The seller should provide the Test certificate / Certificate of Analysis (COA) containing details of the manufacturer of the Polyvinyl Chloride grade and the lot details of the grade/brands along with the consignment to the NCDEX accredited warehouse. If the seller has bought the material from some other party other than the manufacturer, then such a test certificate be obtained from that party for submission to the warehouse.

If no such certificate is made available, such material cannot be deposited at the warehouse.

Verification and Inspection of bags at Seller’s premises

The seller should before dispatch of material to the warehouse, ensure that the bags containing Polyvinyl Chloride are not torn/cut/mutilated or wet.

Truck with Tarpaulin

The trucks should be equipped and covered with good quality tarpaulins to protect the bags from heavy rains or any such natural calamity while carrying them to the NCDEX accredited warehouse.

Physical Inspection at the NCDEX accredited warehouse

Till the time the material is accepted by the warehouse for delivery on NCDEX platform, it shall be the responsibility of the Seller to ensure that no torn/mutilated/cut or wet bags containing Polyvinyl Chloride are deposited into the accredited Warehouse.

Once the material reaches the NCDEX accredited warehouse & after the weighment of the material is done, the material is unloaded for physical inspection & observation. The following details shall be verified at the time of deposit at the warehouse:

- Whether the goods are of the same Brands / grades as per the approved list declared by the Exchange from time to time.
- Lot no. details as per the test certificate & the lot nos. mentioned on the bags whether matching.
- Whether Bag packaging is in PP woven bags or paper bags with inner lining of PE/PP.
- Bags with dirt / mud covered on it, torn & cut, mutilated bags, bags without name of the manufacturer or other details, repacked and restitched bags to be identified and rejected & not to be considered as good delivery.

If moisture or wetness in the bags is visible by the physical inspection of the material, then such material shall be rejected and will not be considered as good delivery.

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Validity Period

The validity period of Polyvinyl Chloride accepted in the warehouse for delivery on the Exchange shall be 12 months, after which the holder of the material shall have to take the material out from the NCDEX warehouse.

Electronic Transfer

Any buyer or seller receiving and or effecting Polyvinyl Chloride delivery would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the Polyvinyl Chloride in electronic form. On settlement, the buyer’s account with the DP would be credited with the quantity of Polyvinyl Chloride received and the corresponding seller’s account would be debited. The Buyer wanting to take physical delivery of the Polyvinyl Chloride holding has to make a request in prescribed form to his DP with whom depositary account has been opened. The DP would route the request to the warehouse who would issue the physical commodity i.e Polyvinyl Chloride to the buyer and debit his account, thus reducing the electronic balance to the extent of Polyvinyl Chloride so rematerialized.

Sampling and Testing of Polyvinyl Chloride

Sample drawing & Specification confirmation tests

As the material had been cleared from the 1st stage of physical inspection, samples will be taken from the available quantity of material. The number of samples drawn will depend on

- The quantity of material received at the warehouse for delivery.
- The combination of brands/grades of various polymer manufacturers.
- The number of lots of the grades received at the warehouse.

Samples will be drawn from individual batches of different brands/grades. Every batch in a delivery lot will be sampled and tested for conforming to contract specifications. Samples will be drawn from number of bags as illustrated below. Column 1 in the table below indicates the quantity of one batch/brand/grade and column 3 in the table indicates number of bags sampled from that batch. Column 4 indicates number of samples to be tested. Samples will be drawn as per IS 4905 and divided into four parts and distributed as under:

- One sample to Depositor
- One sample to Warehouse service provider
- One sample for Analysis by Assayer
- One sample for record with Assayer

<table>
<thead>
<tr>
<th>Tonnage</th>
<th>Kgs</th>
<th>No. of Bags</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
<td>500</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>1000</td>
<td>40</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2000</td>
<td>80</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>3000</td>
<td>120</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>5000</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>10000</td>
<td>400</td>
<td>4</td>
</tr>
<tr>
<td>15</td>
<td>15000</td>
<td>600</td>
<td>5</td>
</tr>
<tr>
<td>20</td>
<td>20000</td>
<td>800</td>
<td>6</td>
</tr>
<tr>
<td>25</td>
<td>25000</td>
<td>1000</td>
<td>7</td>
</tr>
<tr>
<td>30</td>
<td>30000</td>
<td>1200</td>
<td>8</td>
</tr>
<tr>
<td>50</td>
<td>50000</td>
<td>2000</td>
<td>9</td>
</tr>
</tbody>
</table>

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Once the sample is randomly drawn from various bags of the same lot & a composite sample is made, such samples are sent to the assaying laboratory of the empanelled assayer. Following tests are conducted to verify the conformation of specifications of the material received with the ones mentioned in the contract specifications.

- Identification of product
- K- Value
- Bulk Density

Testing will be conducted with IS 4669. Once the test sample reaches the laboratory, it’s the lab’s responsibility to conduct all the tests & give the results within a maximum time period of 2 working days from the day of receipt of the samples. After the testing of the sample, the test certificate giving details of quality and confirming whether the material is within specifications or not, shall be issued by the empanelled assayer which shall be final and binding on all parties.

**Charges**

All charges and costs payable at the accredited warehouse towards the delivery of Polyvinyl Chloride including physical inspection of polymer, segregation cost of rejected material, weighing, handling charges, storage, sampling etc. from the date of receipt into accredited warehouse up to date of pay in & settlement shall be paid by the seller.

No refund for warehouse charges paid by the seller for full validity period shall be given to the seller or buyer for delivery earlier than the validity period.

All charges and costs associated & including storage, handling etc. after the pay out shall be borne by the buyer. Warehouse storage charges will be charged to the member / client by the respective Depository Participant.

The Assayers charges for testing and quality certificate should be paid to the assayer directly at the delivery location by cash/cheque/demand draft.

**Duties & Levies**

**Delivery through NCDEX accredited warehouse**

Deliveries will take place from NCDEX accredited warehouse based at Bhiwandi (Mumbai).

**Excise Duty and Cess:** The price quoted for trades in Polyvinyl Chloride on the Exchange is exclusive of central excise.

1. The seller will be able to claim the amount paid towards central excise over and above the quoted price only if the seller is able to pass on the credit to the buyer under the laws governing central excise irrespective of whether the buyer is entitled to claim or not. In other words, only manufacturers, importers and first stage dealers registered under the Act will be able to claim central excise amount to the extent of amount specified in the Central Excise Invoice which will have to be handed over to the buyers.
2. The buyer will have to be either first stage dealer or second stage dealer duly registered under the Central Excise Act in order to claim credit under CENVAT.
3. The seller and the buyer claiming cenvat credit require to be registered at the warehouse address either directly or through authorized agents.

**Customs Duty (BCD), CVD and Cess**

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Polyvinyl Chloride
Product Note

The price quoted on the Exchange for Polyvinyl Chloride is exclusive of Excise, Cess, Sales Tax/VAT, Countervailing Duty (CVD) and any other levy or tax but inclusive of Basic Custom Duty and Special Additional Duty wherever applicable.

In case of Imported Polyvinyl Chlorides the seller pays the Customs Duty (BCD) & Special Additonal Duty (SAD):

The seller paying the customs duty will also have to discharge the liability for payment of CVD. BCD, SAD and CVD is payable simultaneously by the importer who files the Bill of Entry. Such seller will have to issue the appropriate invoice to the buyer to enable him to claim the credit for the CVD under the Cenvat Credit Rules. Similarly, the subsequent first stage seller will also be entitled to pass on the credit of the CVD on their sales. However, for the purpose, such sellers will have to obtain registration at the warehouse address in order to enable them to pass on the credit.

The drawbacks of this process would be:
(i) registration of the sellers at the warehouse address either directly or through authorized agent/s;
(ii) Only Importers and first stage dealers can pass on the credit and not any subsequent sellers. The buyer will have to be either first stage dealer, or second stage dealer duly registered under the Central Excise Act in order to claim credit under CENVAT.

The seller will be able to claim the amount paid towards CVD over and above the quoted price only if the seller is able to pass on the credit to the buyer under the laws governing central excise irrespective of whether the buyer is entitled to claim or not. In other words, only importers and first stage dealers registered under the Act will be able to claim central excise amount to the extent of amount specified in the Central Excise Invoice which will have to be handed over to the buyers.

Stamp Duty
Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or the State in which such contract note is received by the client.

Taxes
Service tax
Service tax will be payable by the members of Commodity Exchanges on the gross amount charged by them from their clients on account of dealing in commodities.

Sales Tax / VAT
Local sales tax/Value Added Tax (VAT) is to be borne by the buyer on all contracts resulting in delivery. Members and / or their constituents requiring to receive or deliver Polyvinyl Chlorides should register with the relevant tax/VAT authorities of the place where the delivery is proposed to be received / given. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation. There will be no exemptions on account of resale or second sale in VAT regime.

Premium / Discount
Premium and Discount on Polyvinyl Chloride delivered at NCDEX accredited warehouse will be provided by the Exchange on the basis of grades delivered. The Exchange will communicate the Premium/Discount before the launch of contracts. Such amount will be adjusted to the members account through the supplementary settlement.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Currently, the applicable premium/discounts for the commodity based on supplier are:

<table>
<thead>
<tr>
<th>Supplier Name</th>
<th>Grade Name</th>
<th>(+) Premium/(-) Discount (Per MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LG Petrochemicals</td>
<td>PVCLG</td>
<td>0</td>
</tr>
<tr>
<td>Formosa</td>
<td>PVCFORM</td>
<td>0</td>
</tr>
<tr>
<td>Hanhwa</td>
<td>PVCHANH</td>
<td>0</td>
</tr>
<tr>
<td>CGPC</td>
<td>PVCCGPC</td>
<td>0</td>
</tr>
<tr>
<td>DCW</td>
<td>PVCDCW</td>
<td>0</td>
</tr>
<tr>
<td>Chemplast Sanmar</td>
<td>PVCCHEM</td>
<td>0</td>
</tr>
<tr>
<td>Reliance Industries Ltd.</td>
<td>PVRIL</td>
<td>+500</td>
</tr>
<tr>
<td>Finolex Industries Limited</td>
<td>PVCFIL</td>
<td>+500</td>
</tr>
<tr>
<td>DCM Shriram (DSCL)</td>
<td>PVCDCM</td>
<td>+500</td>
</tr>
</tbody>
</table>

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
CHAPTER 3 - CLEARING AND SETTLEMENT

Daily Settlement
All open positions of a futures contract would be settled daily based on the Daily Settlement Price (DSP).

Daily Settlement Prices
The Daily Settlement Price (DSP) will be as disseminated by the Exchange at the end of every trading day. The DSP will be reckoned for marking to market all open positions.

Final Settlement Prices
The Final Settlement Price (FSP) will be determined by the Exchange upon maturity of the contract. All open positions on the expiry day of the contract will result in compulsory delivery.

The Final Settlement Price shall be the last spot price of the day as polled by the Exchange on the last trading day of the contract.

The Settlement Price for any delivery allocation during staggered period (i.e. up to one day prior to expiry) would be the last available spot price displayed by the Exchange for the respective contract.

Spot Prices
NCDEX will announce / disseminate spot prices for Polyvinyl Chloride related to the designated delivery centre and specified grade/quality parameters determined through the process of polling a set of market participants representing different segments of the value chain.

The polled prices shall be input to a normalizing algorithm (like ‘bootstrapping’ technique) to arrive at a representative, unbiased and clean ‘benchmark’ spot price for Polyvinyl Chloride. The security of data and randomness of polling process will ensure transparency and correctness of prices. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

Dissemination of Spot Prices
Spot prices of Polyvinyl Chloride will be disseminated on daily basis.

Pay in and Pay out for Daily Settlement
The table below illustrates timings for pay in and pay out in case of daily settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before “pay in”.

All fund debits and credits for the members would be done in the Member’s settlement account with the Clearing bank.

<table>
<thead>
<tr>
<th>Time (T+1)</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>On or before 11.00 hrs</td>
<td>PAYIN: Debit paying member a/c for funds</td>
</tr>
<tr>
<td>After 13.00 hrs</td>
<td>PAYOUT : Credit receiving member a/c for funds</td>
</tr>
</tbody>
</table>

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Polyvinyl Chloride
Product Note

Pay in and Pay out for final physical settlement

The table below illustrates timings for pay in and pay out when positions are marked for physical settlement. The buyers/sellers would have to deposit requisite funds/Polyvinyl Chloridewith their respective Clearing member before “pay in”.

<table>
<thead>
<tr>
<th>Time (T/E+2)</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>On or before 12.00 hrs</td>
<td>PAYIN - Debit Buyer Member Settlement a/c for funds - Debit Seller Member’s CM Pool Account for Polyvinyl Chloride</td>
</tr>
<tr>
<td>After 14.30 hrs</td>
<td>PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member’s CM Pool Account for Polyvinyl Chloride</td>
</tr>
</tbody>
</table>

Tender Date - T

Tender period:

The tender period would start on the 5th of every month in which the contract is due to expire, excluding Saturdays. In case 5th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.

Pay-in and Pay-out: on a T+2 basis. If the tender date is T then, pay-in and pay-out would happen on T + 2 day. If such a T + 2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, Pay-in and Pay-out would be effected on the next working day.

Expiry Date

20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday.

The settlement of contract would be by a staggered delivery system of Pay-ins and Payouts.

Additionally the supplemental settlement for Polyvinyl Chloridefutures contracts for premium/discount adjustments relating to quality of Polyvinyl Chloride delivered, actual quantity delivered and close out for shortages, will also be conducted on the same day. Clearing members are required to maintain adequate fund balances in their respective accounts.

<table>
<thead>
<tr>
<th>Time (T/E + 2)</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>On or before 15.00 hours</td>
<td>PAY IN: Debit Member Settlement a/c for funds</td>
</tr>
<tr>
<td>After 15.00 hours</td>
<td>PAY OUT: Credit Member Settlement a/c for funds</td>
</tr>
</tbody>
</table>

Supplementary Settlement for Taxes & Duties

The Exchange will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of tax & duty transactions.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Exchange latest by 15.00 Hrs on E+3 day failing which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name. In view of CENVAT credit implications, it is critical that the actual buyer’s details are provided in time.

The Seller Clearing Members are required to give the seller client details to the exchange latest by 15.00 hrs on E+4 day.

It may also be noted that excise duty paid by the seller can be recovered from the buyer provided CENVAT credit is made available to the buyer. The seller shall furnish all necessary documents including the breakup of the excise duty paid and clearly indicating whether he is a manufacturer or the first stage dealer. The amount of excise duty is to be paid along with the sales tax amount.

The amounts due to the above differences will be debited / credited to members clearing bank account similar to normal settlement.

<table>
<thead>
<tr>
<th>Pay in and Pay out for Taxes &amp; Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time (T/E + 5)</strong></td>
</tr>
<tr>
<td>On or before 11.00 hours</td>
</tr>
<tr>
<td>After 11.00 hours</td>
</tr>
</tbody>
</table>

For further clarification and detailed procedure on sales tax settlement, participants can refer to circular number NCDEX/CLEARING-001/2008/002 issued on January 04, 2008.
## Exhibit 1 – Contract Specifications of Polyvinyl Chloride
(Applicable for contracts expiring in June 2012 & thereafter)
(Updated on July 12, 2012)

<table>
<thead>
<tr>
<th>Name of commodity</th>
<th>Polyvinyl Chloride</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticker Symbol</td>
<td>PVC</td>
</tr>
<tr>
<td>Trading system</td>
<td>NCDEX Trading System</td>
</tr>
<tr>
<td>Unit of trading</td>
<td>5 Metric Ton (MT)</td>
</tr>
<tr>
<td>Maximum order size</td>
<td>250 Metric Ton (MT)</td>
</tr>
<tr>
<td>Delivery unit</td>
<td>5 Metric Ton. (MT)</td>
</tr>
<tr>
<td>Quotation/base value</td>
<td>Rs per MT.</td>
</tr>
<tr>
<td>Basis</td>
<td>Ex-Bhiwandi, exclusive of Excise, Cess, Sales Tax/VAT and any other levy or tax but inclusive of Basic Customs duty and Special Additional Duty (SAD) wherever applicable</td>
</tr>
<tr>
<td>Tick size</td>
<td>Rs 50 per MT</td>
</tr>
<tr>
<td>Quality specification</td>
<td>PVC Prime Grade. K Value: 66 +/- 2 Bulk Density (g/ml): 0.51 - 0.60. Exchange approved local &amp; imported grades only and any other such grades announced by the Exchange from time to time.</td>
</tr>
<tr>
<td>Packaging</td>
<td>Exchange approved Domestic as well as Imported grades in 25 KG bags packed at the manufactures plant with printed details of the manufacturer, Grade name and Lot number on the bag. No repacked/restitched bags or plain bags allowed.</td>
</tr>
<tr>
<td>Quantity variation</td>
<td>+/-2% or 5 MT whichever is lower.</td>
</tr>
<tr>
<td>Quality Allowance</td>
<td>No quality deviation in form of non prime grade or sub standard grade allowed.</td>
</tr>
<tr>
<td>Delivery centre</td>
<td>Bhiwandi ( upto the radius of 50 Kms from the municipal limits)</td>
</tr>
<tr>
<td>Additional Delivery Centre</td>
<td>None</td>
</tr>
<tr>
<td>Trading hours</td>
<td>As per directions of the Forward Markets Commission from time to time, currently - Mondays through Fridays:10:00 am -11:30 pm. Saturdays:10:00 am - 2:00 pm.</td>
</tr>
</tbody>
</table>

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The Exchange may vary the above timing with due notice. On the expiry date, contracts expiring on that day will not be available for trading after 5.00 pm.

<table>
<thead>
<tr>
<th>No. of active contracts</th>
<th>As per Launch calendar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery specification</td>
<td>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</td>
</tr>
<tr>
<td></td>
<td>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.</td>
</tr>
<tr>
<td></td>
<td>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/ TRADING-086/2008/216 dated September 16, 2008.</td>
</tr>
<tr>
<td>Opening of contracts</td>
<td>Trading in any contract month will open on the 10th of the month. If 10th happens to be a non-trading day, contracts would open on the next trading day.</td>
</tr>
<tr>
<td>Tender Period</td>
<td>Tender Date –T</td>
</tr>
<tr>
<td></td>
<td><strong>Tender Period</strong>: The tender period shall start on 5th of every month in which the contract is due to expire. In case 5th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.</td>
</tr>
<tr>
<td></td>
<td>Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</td>
</tr>
<tr>
<td>Due date/Expiry date</td>
<td>20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange which is other than a Saturday.</td>
</tr>
<tr>
<td></td>
<td>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay-in and Pay-out which would be the Final Settlement of the contract.</td>
</tr>
<tr>
<td>Closing of contract</td>
<td>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process</td>
</tr>
</tbody>
</table>

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-15-
### Price Limit

Daily price fluctuation limit is (+/-) 3%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by another (+ / -) 1% and trade will be resumed. If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade /order shall be permitted during the day beyond the revised limit of (+ / -) 4%.

### Position limits

Member-wise : 20,000 MT or not more than 20% of the market open position whichever is higher  
Client-wise : 5,000 MT  

The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer to Circular No. NCDEX/TRADING- 100/2005/219 dated October 20, 2005.

### Special Margin

In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed in respect of outstanding positions, under immediate intimation to the Commission which will remain in force as long as the volatility exists, after which the special margin may be relaxed.

### Delivery Logic

**Compulsory Delivery**

### Final Settlement Price

The Final Settlement Price shall be the last spot price of the day as polled by the Exchange on the last trading day of the contract.

### Initial Margin

5%

### Contract Launch calendar:

<table>
<thead>
<tr>
<th>Contract Launch month</th>
<th>Contract Expiry month</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2012</td>
<td>July 2012</td>
</tr>
<tr>
<td>May 2012</td>
<td>August 2012</td>
</tr>
<tr>
<td>June 2012</td>
<td>September 2012</td>
</tr>
<tr>
<td>July 2012</td>
<td>October 2012</td>
</tr>
<tr>
<td>August 2012</td>
<td>November 2012</td>
</tr>
<tr>
<td>September 2012</td>
<td>December 2012</td>
</tr>
</tbody>
</table>

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Members and market participants who enter into buy and sell transactions may please note that they need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the Exchange's Bye Laws, Rules, Regulations, Product Notes, circulars, directives, notifications of the Exchange as well as of the Regulators, Governments and other authorities.

Members and market participants trading on the Exchange in the commodity contracts shall be deemed to be aware of applicable laws and amendments thereof from time to time, including provisions and rates relating to the sales tax, value added tax APMC Tax, Mandi Tax, octroi, excise duty, stamp duty, etc., applicable on the underlying commodity of any contract offered for trading.

The Exchange shall not be responsible or liable on account of non compliance by any of the members and market participants of any such applicable laws or any amendments thereof including not being aware of rates of taxes, levies, etc., on the underlying commodity of any contract offered for trading.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.
Exhibit 2 - Warehouse & Assayer Details

<table>
<thead>
<tr>
<th>WAREHOUSE NAME</th>
<th>ASSAYER NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polyvinyl Chloride (PVC)</td>
<td></td>
</tr>
<tr>
<td>1 JICSSTC-BHIWANDI JICS LOGISTICS</td>
<td>M/S JICS LABORATORIES</td>
</tr>
<tr>
<td>C/O STANDARD TRANSPORT CORPORATION</td>
<td>13-B, SECTOR A,</td>
</tr>
<tr>
<td>GODOWN NO. 5 &amp; 7, SAINATH COMPOUND,</td>
<td>SANVER ROAD,</td>
</tr>
<tr>
<td>PURNA VILLAGE, THANEBHIWANDI ROAD</td>
<td>INDORE - 452015</td>
</tr>
<tr>
<td>BHIWANDI – 421 302, MAHARASHTRA</td>
<td>MADHYA PRADESH.</td>
</tr>
<tr>
<td>CONTACT PERSON: MR. VITHAL KEDAR/ MR. NARAYAN SINGH/ MR. HEMANT SHARMA</td>
<td>CONTACT PERSON: MR. ANIL JHAWAR</td>
</tr>
</tbody>
</table>

Exhibit 3 – Quality specification & Grades approved for deliveries

<table>
<thead>
<tr>
<th>Quality Specification</th>
<th>Product: Polyvinyl Chloride Prime Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>K Value</td>
<td>66 +/- 2</td>
</tr>
<tr>
<td>Bulk Density (g/ml)</td>
<td>0.51 – 0.60</td>
</tr>
</tbody>
</table>

Grades deliverable
1. Indian manufactured grades confirming to the Contract and quality specification
2. Imported grades as per the list below

List of Foreign manufactured/Imported grades allowed for deliveries:

<table>
<thead>
<tr>
<th>SUPPLIER</th>
<th>GRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LG Petrochemicals</td>
<td>LS100/LS100E</td>
</tr>
<tr>
<td>Formosa</td>
<td>S 65/ S 65D</td>
</tr>
<tr>
<td>Hanhwa</td>
<td>P 1000</td>
</tr>
<tr>
<td>CGPC</td>
<td>H 66</td>
</tr>
</tbody>
</table>

List of Domestic manufacturers allowed for deliveries:

<table>
<thead>
<tr>
<th>INDIAN SUPPLIER</th>
<th>GRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance Industries</td>
<td>6701/67BER01/67GER01</td>
</tr>
<tr>
<td>FinolexInd.</td>
<td>FS6701</td>
</tr>
<tr>
<td>DCW Ltd.</td>
<td>PR-065</td>
</tr>
<tr>
<td>ChemplastSanmar</td>
<td>103EP</td>
</tr>
<tr>
<td>DCM Shriram (DSCL)</td>
<td>SR-10A/SR-10AA</td>
</tr>
</tbody>
</table>

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Exhibit 4 – Good & Bad delivery norms

<table>
<thead>
<tr>
<th>No.</th>
<th>Particulars</th>
<th>Default/Good / Bad delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Polyvinyl Chloride not meeting futures contract specification</td>
<td>Bad Delivery</td>
</tr>
<tr>
<td>2.</td>
<td>Delivery at non accredited warehouse.</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>3.</td>
<td>Delivery completed without Certificate of Quantity and Physical verification</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>4.</td>
<td>Deliveries not compatible to delivery size as mentioned in contract specification</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>5.</td>
<td>Delivery beyond specific working hours</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>6.</td>
<td>Delivery without proper documentation and requisite certificates of quality</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>7.</td>
<td>Material weighed at other than designated warehouse weigh bridge /scale</td>
<td>Bad delivery</td>
</tr>
<tr>
<td>8.</td>
<td>Lot/batch nos. mentioned on Test certificate different from the material delivered</td>
<td>Bad Delivery</td>
</tr>
<tr>
<td>9.</td>
<td>Unprinted/Plain, Restiched, Torn, Mutilated, Wet bags delivered</td>
<td>Bad Delivery</td>
</tr>
<tr>
<td>10.</td>
<td>Delivery of grade other than the grade as approved by NCDEX</td>
<td>Bad Delivery</td>
</tr>
<tr>
<td>11.</td>
<td>Assayers Report on quality specifications not conforming to the contract Specifications</td>
<td>Bad Delivery</td>
</tr>
<tr>
<td>12.</td>
<td>2nd or beyond stage depositor delivering material</td>
<td>Bad Delivery</td>
</tr>
</tbody>
</table>

Note: The buyer getting deliveries from the Exchange to confirm the delivery stage (1st stage or 2nd stage) with the warehouse personnel if they intend to deliver the same goods in subsequent month at the Exchange.
### Exhibit 5 – Specimen of Quality and physical verification certificate - PVC

**CERTIFICATE OF QUANTITY & PHYSICAL VERIFICATION**

Date: __________

Report no.: __________

NCDEX member/Client name: __________

Client code: __________

Lot Nos./grade: __________

Warehouse Name and address: __________

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Test Items</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grade deposited</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Manufacturers Test Certificate / Certificate of Analysis submitted</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cenvat Invoice submitted</td>
<td>Manufacturer / Importer / 1st Stage dealer</td>
</tr>
<tr>
<td>4</td>
<td>Matching of Lot/Batch number on test certificate and material delivered</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Condition of bags and conformity with Contract/ Product note specification</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bad delivery norm present</td>
<td></td>
</tr>
</tbody>
</table>

Quality parameters:

K Value – __________

Bulk density – __________

The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade ___________ and valid up to ___________ as deposited by manufacturer/importer.

The goods delivered may be accepted / rejected.

**Chief Inspector / Authorized Signatory**